

FILED

OCT 12 2010

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

EUGENE R. WEDOFF,
BANKRUPTCY JUDGE

In re:

CANOPY FINANCIAL, INC.

Debtor.

Case No. 09 B 44943

Chapter 7

**FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT OF ORDER AWARDING TO
POL SINELLI SHUGHART PC, SPECIAL COUNSEL TO THE TRUSTEE, FOR ALLOWANCE AND
PAYMENT OF SECOND INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

TOTAL FEES REQUESTED:	\$24,714.50	TOTAL COSTS REQUESTED:	\$1,770.60
TOTAL FEES REDUCED:	\$85.00	TOTAL COSTS REDUCED:	\$1,450.55
TOTAL FEES ALLOWED:	\$24,629.50	TOTAL COSTS ALLOWED:	\$320.05

TOTAL FEES AND COSTS ALLOWED: \$24,949.55

The attached time and expense entries have been underlined to reflect disallowance in whole or in part. The basis for each disallowance is reflected by numerical notations that appear on the left of each underlined entry. The numerical notations correspond to the enumerated paragraphs below.

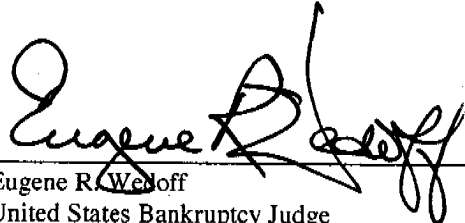
(4) Insufficient Description

The Court denies the allowance of compensation for the following task since the description of the time entry fails to identify in a reasonable manner the service rendered. *In re Pettibone*, 74 B.R. 293, 301 (Bankr. N.D. Ill. 1987) ("A proper fee application must list each activity, its date, the attorney who performed the work, a description of the nature and substance of the work performed, and the time spent on the work. [Citation omitted] Records which give no explanation of the activities performed are not compensable."); *In re Wildman*, 72 B.R. 700, 708-9 (Bankr. N.D. Ill. 1987) (same).

(11) Overhead Costs are Non-Compensable

The Court denies reimbursement for fees or expenses that are overhead costs. Expenses which are overhead are not compensable because they are built into the hourly rate. See *In re Wildman*, 72 B.R. 700, 731 (Bankr. N.D. Ill. 1987). Overhead, for bankruptcy purposes, includes "all continuous administrative or general costs or expenses incident to the operation of the firm which cannot be attributed to a particular client or cost." *In re Convent Guardian Corp.*, 103 B.R. 937, 939-40 (Bankr. N.D. Ill. 1989) (quoting *In re Thacker*, 48 B.R. 161, 164 (Bankr. N.D. Ill. 1985)).

Dated: October 12, 2010


Eugene R. Wedoff
United States Bankruptcy Judge

For Professional Services Through 8/31/10

File No. 061989-407854

Re: Discovery/Litigation

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Professional Services

Date	Description	Tmkpr	Hours	Amount
8/11/10	Call with trustee re background and issues with claims against recipient of debtor funds and meeting with party (.2); reviewed demand letter issued by Jenner & Block and party's response to same to prepare for meeting and litigation (.3); attended portion of meeting via telephone and exchanged emails with trustee re same (.2).	JLSWI	0.70	\$297.50
		(4)		-\$85
8/12/10	Exchanged emails with trustee and M. Pinciak-Madden re settlement meeting and litigation issues.	JLSWI	0.20	85.00
8/13/10	Review lengthy memorandum re liability issues and analyzed and researched related issues.	JLPYR	2.80	616.00
8/16/10	Conference call with trustee and M. Pinciak-Madden re status of claims, settlement and preparation of complaints for recovery of fraudulent transfers (.3); reviewed emails from M. Pinciak-Madden forwarding relevant information regarding claims (.1).	JLSWI	0.40	170.00
8/19/10	Reviewed emails from trustee and M. Madden re status of settlement.	JLSWI	0.10	42.50
8/23/10	Reviewed emails between trustee and M. Madden and V. Lazar re status of settlement (.1); exchanged emails with M. Madden re materials needed for pursuing claims (.3); exchanged emails with trustee re demand letter and litigation (.1); drafted demand letter to be issued (.4); reviewed legal materials re duty to investigate source of funds (1.0); investigated timeline of events relating to criminal proceedings, news reports and other events relating to potential claims (1.1); commenced drafting a timeline of events (.4).	JLSWI	3.40	1,445.00
8/23/10	Research and perform analysis of case law re liability issues.	JLPYR	1.90	418.00
8/24/10	Completed research of legal and factual issues re potential avoidance claims (0.9); made rounds of revisions to demand letter (1.0); exchanged emails with trustee re letter (.1); finalized and issued letter (.3).	JLSWI	2.30	977.50
8/25/10	Commenced work on adversary complaint against fraudulent transfer recipient.	JLSWI	0.20	85.00
8/26/10	Worked on drafting complaint against fraudulent transfer recipient and completing related tasks.	JLSWI	0.90	382.50
8/27/10	Worked on additional revisions to complaint against fraudulent transfer recipient.	JLSWI	0.50	212.50

Payment Terms: Net 30

Late Payment Charge: 1% per month may be charged on outstanding balances

For Professional Services Through 7/31/10
 File No. 061989-407456
 Re: General Administration

Timekeeper Summary

Timekeeper	Title	Rate	Hours	Amount
J.L. Switzer	Shareholder	425.00	1.80	\$765.00
D.M. Franek	Shareholder	425.00	0.50	212.50
J.L. Pyrz	Associate	220.00	12.80	2,816.00
Total Professional Charges			15.10	\$3,793.50

Disbursements

Date	Description	Amount
	Westlaw Computer Research (re landlord mitigation obligations and related issues)	\$1,244.05
		-\$1,244.05
05/21/10	Miscellaneous - - VENDOR: American Teleconferencing Services LTD	7.27
	Conference Call- Jerry Switzer	
	Total Disbursements	\$1,251.32
Total Professional Services		\$3,793.50
Total Disbursements		<u>1,251.32</u>
Total Current Charges Due		<u><u>\$5,044.82</u></u>

Payment Terms: Net 30

Late Payment Charge: 1% per month may be charged on outstanding balances

For Professional Services Through 8/31/10
File No. 061989-407854
Re: Discovery/Litigation

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Total Professional Services**\$4,731.50****Timekeeper Summary**

Timekeeper	Title	Rate	Hours	Amount
J.L. Switzer	Shareholder	425.00	8.70	\$3,697.50
J.L. Pyrz	Associate	220.00	4.70	1,034.00
Total Professional Charges			13.40	\$4,731.50

Disbursements

Date	Description	Amount
	Document Reproduction	\$0.60
	Postage	1.83
	Westlaw Computer Research	206.50 206.50
	Total Disbursements	\$208.93

Total Professional Services**\$4,731.50****Total Disbursements****208.93****Total Current Charges Due****\$4,940.43****Payment Terms: Net 30**

Late Payment Charge: 1% per month may be charged on outstanding balances